

## **CAFTA Countries Jump Start Labor Provisions**

The Central American Free Trade Agreement (CAFTA), which includes the US, Central America and the Dominican Republic, contains innovative labor provisions. Among the most important are acceptance of International Labor Organization (ILO) standards and a commitment by each country to enforce its own labor laws without relaxing domestic standards to promote trade or attract investment. Each party to CAFTA retains the right to exercise its own discretion regarding judicial and enforcement decisions and to allocate resources for enforcement of its laws.

The US Congress has been notified of the negotiation of the agreement and the administration's intention to sign; however, it is unlikely to be submitted for approval until after the US presidential election or, most likely, in spring 2005. But the Central American and Dominican governments are not simply waiting for CAFTA to be passed to take action on the labor front. They have begun to strengthen their commitment to carrying out the provisions of the agreement.

To begin with, they have commissioned the ILO to review each country's labor laws and determine their compatibility with ILO standards and recommendations under the 1998 Declaration on Fundamental Principles and Rights at Work. The governments involved have met to discuss compliance with labor laws and institutional strengthening, including such issues as strengthening labor inspection offices and workplace protections, wage law enforcement, effectiveness of labor courts and alternative dispute resolution mechanisms, actions against child labor, enforcement of occupational health and safety, and protection of worker pensions and social security.

In addition, the six governments have formed a working group of their vice ministers of trade and labor. The group has three main tasks: to identify recommended actions to strengthen labor law compliance and enforcement in each country and the region; prepare an inventory of related technical assistance projects and identify areas needing more support; and report on potential sources of technical assistance that could address these priorities. The working group will receive support from the Inter-American Development Bank and assistance from the US government, the World Bank and ILO, with consulting from labor and management groups.

The ministers of trade and labor will meet in Washington in October under IDB sponsorship to assess the working group's recommendations and decide on steps to achieve their implementation. The governments are committed to further meetings and to benchmark their progress on the work plan expected to be adopted at the October meeting. The steps taken so far are being presented as the beginning of a process to set and enforce labor standards by all of the parties to CAFTA.

### *Observations*

The CAFTA governments seem to be taking their obligations under the agreement seriously even before it has entered into force. Undoubtedly, the knowledge that the US Congress has not yet approved the FTA will play an important role in motivating them to make advances in the coming months. Critics on the left may argue that the measures

are not sufficient, but for the time being the negotiations appear to offer a real prospect for change.

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